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Republicans introduce legislation to promote capital investment

LANSING – Senate Republicans today unveiled a new economic development bill to promote capital investment by some of Michigan's largest employers, Sen. Patty Birkholz announced.

The proposed legislation would continue a Single Business Tax exemption for companies such as Delphi and Visteon on goods sold to their former parent companies. This tax exemption has already led to capital investments in Michigan totaling \$1.8 billion.

“Keeping Michigan companies in Michigan requires our commitment to provide them incentives to stay here,” said Birkholz, R-Saugatuck Township. “Continuing this tax credit will allow these companies to invest in Michigan’s future and provide jobs for local residents.”

One of Delphi’s facilities is in Delta Charter Township, located in Birkholz’s district.

The SBT exemption was originally passed in 1999, the year Delphi separated from General Motors. Before the separation, sales between the companies were not taxed. Since the sales never were taxed, the previous exemption and the new legislation are revenue neutral for the state.

Both companies are required to maintain 80 percent of their workforce and 100 percent of the capital investment in Michigan to qualify for the continued exemption. If they fail to keep 80 percent of their workforce in Michigan, they still can qualify for the exemption by doubling their capital investment.

Delphi and Visteon have invested more than the state’s annual requirement with significant investments at their facilities across the state. Delphi has invested more than \$1 billion since 1999, while Visteon has invested approximately \$800 million since 2000.

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